

LAND BOARD AGENDA ITEM
December 18, 2006

**FINAL APPROVAL FOR LAND BANKING ACQUISITION
CAPDEVILLE RANCH**

Background

The 534 +/- acres Capdeville Ranch received preliminary approval by the Board in July, 2006. Since then, the department has engaged in evaluation of the property as per the Land Banking Rules ARM 36.25.813 through 36.25.816.

Public Involvement:

In April, 2006, DNRC solicited nominations from a variety of cooperators, landowners, and local/ regional real estate agents encouraging interested parties to nominate parcels for acquisition via the Land Banking program between April and June, 2006. The Department received 15 nominations for purchase. This tract was nominated during that period by DNRC staff in the Northeastern Land Office.

Selection Considerations and Process

DNRC secured a purchase agreement contingent upon findings of the due diligence as per Land Banking rule ARM 36.25.813 through 815. Due diligence included a tour of the tract on September 11, 2006 offered to the public and interested parties (the Board/staffers, Negotiated Rulemaking Committee members, other agencies, county commissioners, beneficiaries, other individuals) to view and comment on the recommended properties. All comments received were positive.

The Department has conducted an in-depth evaluation of this tract for acquisition. Following final approval by the Board, the department will proceed to closing, and acquire the Capdeville Ranch for \$618,000 to benefit Common Schools. The appraised value was \$619,000.

Agency Recommendation:

The Department recommends final approval of the Capdeville Ranch for acquisition.

ACQUISITION REPORT	EXPLANATION
Seller's Disclosure	No known material defects in the property
Annual Rate of Return over 20 years	2.09%
Average Annual Rate of Return of property sold	0.80%
Classification of property	<p>Total Acreage=534 Irrigated acreage =245, Dryland Hay=125, CRP=41.9 Grazing = 105.1, Unsuitable = 35</p> <p>Soils are primarily clay loams or silty loams. Slopes are highly suited for irrigated agricultural production. Agricultural production is enhanced by the in district water rights. CRP is present on dryland soils suited for farming. Range sites are primarily overflow or clay. Some clay range sites are present on the perimeter of fields.</p>
Soils/Range	<p>Vegetation is typical of range and agricultural lands in the Hinsdale vicinity. The land surrounding Beaver Creek is a mixture of tame grass and native shrubs. The grass community is primarily smooth brome. The banks of Beaver Creek support a mixture of native willows, snowberry, upland hardwoods (ash, and elm), and a few cottonwoods. The forage vegetation on the irrigated lands are alfalfa, alfalfa/grass mix, or native western wheatgrass.</p>
Vegetation	Good to excellent
Range Condition	<p>Approximately 2 acres of leafy spurge and Canada Thistle infestations. Historically being controlled with chemical applications.</p>
Weeds	NA
Timber Cruises	<p>Two water wells are located in section 25. The water wells feed livestock tanks. Beaver Creek supplies livestock water.</p>
Water	<p>In-district irrigation rights for the irrigation land are tied to the land regardless of who the owner is. Hence irrigation will continue to exist at the levels that have historically taken place.</p> <p>40M 188589-00 issued to AL Hatton to irrigate 100 acres out of beaver creek will be transferred to the State via title.</p> <p>Through the chain of title, this right will transfer to the State of Montana.</p> <p>245 acres of irrigated land is served by the Malta Irrigation District. These acres are in present good standing with the district.</p> <p>40M 31170-00 is a water right for a well.</p>
Water Rights	<p>Antelope, deer, badger, coyotes, skunk, fox, upland game birds, raptors (bald eagles) and song birds.</p>
Wildlife (T.E)	Walleye, pike, catfish, perch, suckers, carp.
Fisheries	<p>Approximately 5 acres of wetlands/cattails provides excellent waterfowl habitat.</p>
Wetlands/Flood plain	

Riparian characteristics	Beaver Creek Riparian corridor is functional and provides a water infiltration mechanism. The beaver creek riparian corridor has been subjected to agriculture manipulation. The corridor is probably not as wide as it once was.
Cultural values	The property has no recorded cultural features.
Mineral characteristics	The Seller is transferring their mineral rights to the State. It appears that the State is entitled to one-half interest of the rights located E2SW of section 26, and the N2NW of section 35. . An active well is producing. State will receive approximately \$1200.00 per year in royalties.
Aesthetic Values	Most of the property is located in the Milk River Corridor. The Milk River Corridor is primarily irrigated forage producing fields. The view of this land coincides with the general landscape, topography, and back setting of the Milk River drainage.
Recreational Use	The property offers excellent upland game bird and deer hunting opportunities. The property will provide fishing opportunities to shoreline anglers.
Zoning	None
Planning	None
Surrounding land use	Adjacent lands are primarily irrigated lands
Potential for multiple use	DNRC has talked with local landowners and the DFWP regarding future management of this tract. Historically, recreational activities have been allowed on the tract. The Department anticipates to continue to provide these recreational activities. If problems arises on adjacent private lands, a DNRC signing program will be instigated that defines the State lands boundaries. A road use plan with designated parking areas will be completed by DNRC.
Access to parcel	County roads provide excellent access to the property. US Highway # 2 provides access to section 26 and 35. A Valley County road provides access to section 23, 24, and 25.
Infrastructure	Powerlines provide electricity to the property.
Adjacent public lands	400 acres of Valley County land adjacent to the SE4SE4 of section 23.
Adjacent conservation easements	None.
Appraised Value	\$619,000
Purchase Price	\$618,000
Summary of Title report	No title issues outstanding on this tract.
Summary Phase 1 site analysis	Hazardous materials study identified two debris piles, an exposed gas line, farm equipment, drums, and tanks of concern. The two debris piles have been properly cleaned up. The exposed gas line (responsibility of the mineral lessee) has been buried. The drums and tanks have been removed. Agreement has been made with the farm machinery owner to remove the equipment.

**Notification to Commissioners
and adjacent land owners**

The potential land purchase was discussed with the County Commissioners prior to receiving preliminary approval from the Board. A newspaper article regarding the potential purchase was published in the Glasgow Courier in July 2006. Letters were sent to adjacent land owners and the County Commissioners inviting them to participate in a tour on September 11, 2006. On September 20, 2006, acquisition notification letters were sent to adjacent landowners.